



# THE ATLANTA ECONOMIC REVIEW

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## THE INTERNATIONAL COTTON EXPOSITION OF 1881 AND ITS IMPACT UPON THE ECONOMIC DEVELOPMENT OF GEORGIA

by  
Jack Bicksilver\*

*This is the conclusion of Dr. Bicksilver's article begun in the May issue of the REVIEW. This section describes the economic effects of the Exposition on Atlanta and the South.*

### IMMEDIATE RESULTS AND LONG-RANGE IMPACT OF THE EXPOSITION

#### A New Enthusiasm Emerges

In terms of direct financial returns to its subscribers, the International Cotton Exposition was not a success. It would be unfair, however, to judge it primarily from this vantage point. The hopes of the promoters were not for direct profits but rather for indirect, long-term gains. As the treasurer of the enterprise, S. M. Inman, frankly asserted, the managers of the Exposition were willing to lose money if the fair would attract capital and immigrants to the South.<sup>1</sup>

The results of the exposition seem much more favorable when viewed in this light. The nation's leading capitalists were drawn to Atlanta and informed privately in well-appointed drawing rooms and publicly at Judges Hall by northern-born Kimball, southern hero Governor Colquitt, and ebullient Henry Grady, among others, that the old rancor of the South was gone, that the people had fallen in love with work, and that in no part of the country were investments safer or more certain to return high dividends. Even members of the landed aristocracy lent their voices to the swelling chorus, promising sectional reconciliation and unlimited opportunities in the New South. President of the National Cotton Planters' Association Frank C. Morehead welcomed the new era by proclaiming that "The clouds themselves seem lifting, and the atmosphere and very stars seem brighter than at any period since the accursed war swept desolation over our fair land and homes."<sup>2</sup> Equally indicative of a new spirit was the appearance in Atlanta of General William T. Sherman on Mexican War Veterans Day, the marked deference with which he

was treated and the gracious remarks he made.<sup>3</sup>

The more than 300 correspondents from northern and midwestern papers who attended the Exposition played a leading role in creating this favorable climate of opinion. Generally their dispatches displayed much sympathy with the South and its problems. They were patient during the early weeks when the Executive Committee struggled valiantly to get all the exhibits placed properly; and, when the fair was finally completely arranged, most of the reporters were lavishly enthusiastic over southern resources and economic prospects.<sup>4</sup>

A few, however, were more discriminating, if no less optimistic. The correspondent of the *New York Commercial Bulletin* pointed out that the minerals and woods displayed were not necessarily fair samples of the average quality nor a true indication of the extent of the resources. The most important thing revealed was the changed attitude of the southern people. While the minerals and woods could easily have been gathered a half century earlier, it was not until recently that there was a disposition to do so. It was the disposition then that was new and revealed so patiently in Atlanta. "How to get on thrifly is what the south now wants, and feels that she wants. She is eager to learn and willing to teach. The bourbon

3. Hannibal I. Kimball, *Report of the Director General, International Cotton Exposition* (New York, 1882), pp. 211-212 (hereafter cited as *Report*).

4. Providence Rhode Island *Journal in Constitution*, Oct. 14, 1881; Lancaster, Penn. *New Era in Constitution*, Oct. 19, 1881; St. Paul *Pioneer Press in Constitution*, Dec. 24, 1881.

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1. *New York Sun in Atlanta Constitution*, Oct. 23, 1881.

2. *Constitution*, Dec. 7, 1881.

is off the stage. The south is ready to work for a living, but eager to get more than a living." The Exposition constituted a formal abandonment of the "past" and, with the "old Japan of the Western world" announced as open, the reporter had little doubt but that northern capitalists would be attracted to the region.<sup>5</sup>

### The Boost To Manufacturing In the South

The northern press waxed particularly enthusiastic over southern prospects for cotton manufacturing. The reporters seemed to take it for granted that the South would soon be a potent competitor of New England. One paper advanced statistics showing that a bale of cotton would cost the southern manufacturer more than a dollar less than the northern producer, while labor costs in the South were only two-thirds that of New England.<sup>6</sup> Especially friendly were those reporters who reflected the interests of merchant groups and cotton machinery builders in the North. Contending that there was enough demand for all potential manufacturers, they announced that the East would rejoice in the success of the Exposition in stimulating the industrialization of the South.<sup>7</sup>

Northern manufacturers of textile machinery and cotton brokers, such as John Inman, who were already investing heavily in the South were interviewed in Atlanta, and descended on the advantages enjoyed by the South in terms of location, reduced transportation costs, and "freedom from the danger of strikes." Charles Lovering, treasurer of a Massachusetts mill, was quoted as saying that he could no longer favor putting up any more spindles in New England when the South offered so many inducements, and Richard Garsed of the Winghocking mill of Frankford, Pennsylvania, one of the initial promoters of the Exposition, confessed that he had become convinced by what he had seen in Atlanta that the Northeast would soon have to face a struggle for survival.<sup>8</sup> The Atlanta *Constitution*, seeing its fondest hopes supported by northern capitalists, beat the drums for southern industry in ever faster tempo. By mid-November it was predicting confidently that when the fair closed a new cotton mill would be established in Atlanta, to be located in the Main Building on the exposition grounds.<sup>9</sup>

To what extent were these hopes realized? Did the extensive advertisement of southern resources produce any results? Was the southern economy rejuvenated? Did her agriculture become diversified? Did northern capital flow south? The following pages will be devoted to a survey of the extent to which the Exposition affected the economy of At-

lanta and Georgia during the two decades after 1881. Between 1881 and 1900 the South did experience an economic renaissance, although in terms of the relative position of the South within the national economy the progress did not appear to be extensive. While in 1860 the section had 17.2 per cent of the manufacturing establishments of the country and 11.5 per cent of the capital, in 1904 these figures were 15.3 and 11 per cent. Within this same period the value of manufactures produced in the South rose from 10.3 per cent of the total value produced in the United States to 10.5 per cent. But it must be recalled that this was a period of intense industrial activity, an era when the product of American factories increased nine fold. For any section merely to hold its own during these years of remarkable progress signifies not a stationary condition but great achievement.<sup>10</sup>

### The Effect On Georgia's Economy

#### Industry

Georgia shared fully in this industrial progress as is seen in Table I.

In 1900 the leading industries in Georgia in terms of value of product were cotton manufacturing, lumber and timber products, cottonseed oil and cake, naval stores, and fertilizers. Capturing greatest attention was the cotton industry. Writing in the

<sup>10.</sup> Victor S. Clark, "Manufactures," *The South in the Building of the Nation* (Richmond, 1909), VI, 285.

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5. New York Commercial Bulletin in Constitution, Oct. 26, 1881.  
6. Brooklyn Eagle in Constitution, Sept. 24, 1881; St. Louis Globe Democrat in Constitution, Oct. 5, 1881; Cincinnati Gazette in Constitution, Oct. 25, 1881.

7. Boston Commercial Bulletin in Constitution, Oct. 12, 27, Nov. 9, 1861; Boston Journal in Constitution, Oct. 14, 1881; New York Mail in Constitution, Oct. 8, 1881; New York Times in Constitution, Oct. 15, 1881.

8. Constitution, Sept. 18, Dec. 10, 24, 1881.

9. Ibid., Nov. 15, 22, 1881.

TABLE I  
MANUFACTURING AND MECHANICAL  
INDUSTRIES IN GEORGIA, 1860-1900

	1900	1890	1880	1870	1860
Number of establish.	7,504	4,285	3,593	3,836	1,890
Capital	\$89,789,656	\$56,921,580	\$20,672,410	\$13,930,125	\$10,890,875
Value of products	\$106,654,527	\$68,917,020	\$36,440,948	\$31,196,115	\$16,925,564
Average no. wage-earners	83,842	52,298	24,875	17,871	11,575
Total wages	\$20,290,071	\$14,623,996	\$5,266,152	\$4,844,508	\$2,925,148

Source: Twelfth Census, 1900, VIII, Part II, 131.

United States Census Report for 1900, Edward Stanwood asserted that the great surge of activity in the South was the development of greatest significance in the industry since 1880. "The new Southern mills," he reported, "equipped with the most efficient machinery, favored by peculiarly free conditions as to labor, chiefly engaged in the production of goods for which the demand was most steady, and helped not a little by close proximity to the field of supply of their raw material, were able to show constant and large profits; whereas their Northern competitors passed through seasons of no profit or of moderate gains . . ." Stanwood paid a tribute to the International Cotton Exposition for giving the industry "an impetus which it has never since lost."<sup>11</sup>

In Georgia during these two decades the amount of capital invested in the textile industry increased from 6.5 to 25.6 million dollars, the value of the finished product rose from 6.7 to 20.2 million dollars, the number of workers in the industry expanded from 6,529 to 20,117, and their total wages grew from 1.1 to 3.8 million dollars.<sup>12</sup> Although local capital predominated in the development of the industry, in Georgia more than in neighboring states northern capital early entered the scene. Cotton brokers John Inman and James Swann invested heavily in the Exposition Cotton Mills established in Atlanta in 1882. Several years later the Whittier Mills of Lowell erected a plant on the Chattahoochee above Atlanta to spin yarns for their northern twine factory. In the early nineties Charles Lovering, true to his word, raised 600,000 dollars to begin the manufacture of coarse textiles in Lindale, Georgia.<sup>13</sup>

Second only to cotton manufacturing in importance was the development of the cottonseed oil industry. In 1880 there was not a single cottonseed oil mill in Georgia, but by 1900 the value of the cotton-

seed products was 13.8 per cent of the total value of the cotton crop. Georgia's 46 plants were producing by the turn of the century 10,000,000 gallons of oil, 91,000 tons of cake and meal, and 132,000 tons of hulls annually, with a total value approaching five million dollars.<sup>14</sup>

Progress was also great in the timber and naval stores industries. The amount of capital invested in the lumber industry in Georgia increased from 3 to almost 12 million dollars between 1880 and 1900, and the value of product rose from less than 5 to 13.7 million dollars. For the first time the vast quantities of yellow pine were being cut for commercial purposes.<sup>15</sup> By 1900 Georgia dominated the naval stores industry in the United States, producing 16.6 of the 18 million gallons of turpentine exported and 1.4 of the 2.3 million barrels of turpentine, rosin and pitch shipped abroad.<sup>16</sup>

The achievement was less great in the exploitation of the mineral wealth of the state. By 1902 Georgia did rank second in the nation in the mining of marble, eighth in granite, and produced three-quarters of the bauxite in the United States; but in terms of over-all extraction from mines and quarries the state was thirty-fourth in the nation with a total value of product only slightly more than three million dollars annually.<sup>17</sup>

In summary, it is apparent that in absolute terms industrial progress in Georgia was significant during the two decades following 1881. But the achievements that were registered must be viewed in proper perspective. At the turn of the century the people of the state were still overwhelmingly engaged in agricultural pursuits; only 3.8 per cent of the population was employed in occupations related to manufacturing. In regard to the level of industrial attainment, virtually all the industries developed in the New South could be classified within one general type—the "low wage, low-value-creating industries." And finally, much of the profits were being channeled into the pockets of investors and pro-

11. Twelfth Census, 1900, IX, Part III, 20.

12. *Ibid.*, 245-246.

13. Broadus Mitchell, *The Rise of the Cotton Mills in the South* (Baltimore, 1921), *passim*; Evelyn H. Knowlton, *Pepperell's Progress* (Cambridge, 1948), p. 288; Clark, *South in the Building of the Nation*, VI, 265.

14. Twelfth Census, *op. cit.*, 587, 589, 591.

15. *Ibid.*, pp. 808-809, 838.

16. *Ibid.*, p. 1007.

17. Bureau of the Census, *Special Report: Mines and Quarries*, 1902 (Washington, 1905), pp. 197-200, 362-383.

moters from outside the region. As early as 1881 the *Constitution*, normally so anxious to receive outside capital, was becoming sufficiently alarmed at the sale of mineral and timber lands to non-residents to warn: ". . . we must remember that this is our patrimony we are selling."<sup>18</sup>

#### Agriculture

In the realm of agriculture the effects of the Exposition are more uncertain. Much had been hoped from the exhibits of advanced machinery and improved methods of farming. As Ben Ricks, one of the South's largest planters, reported, those visiting Atlanta had an opportunity of seeing "the best that science and inventions have done in the past fifty years, and can study under one roof and in one day every machine in the world for every branch of his business."<sup>19</sup>

The strictly utilitarian displays tended to attract the more serious-minded and generally wealthier farmers who did purchase a considerable amount of new machinery. Although direct selling was not a principal function of the agricultural exhibits, more than 500 carloads of engines, cultivators, harrows, plows, reapers, seed-planters, manure spreaders, and other labor-saving implements were sold to southern farmers while the Exposition was in progress. When after the fair closed Director-General Kimball wrote to several hundred exhibitors inquiring as to their experiences and sales, he discovered that there had been sold 3,000 to 4,000 Clarke seed cotton cleaners, 3,000 dollars worth of Kahnweiler's cottonseed hullers, 500 cotton planting machines, 50,000 dollars worth of smoothing harrows, 20,000 dollars worth of windmills, 10,000 of a particular line of riding plows and cultivators, 15,000 dollars worth of machines by the Niles Chilled Plow Company, and 36,000 dollars worth of manure spreaders.<sup>20</sup>

In other respects, however, the achievements of the Exposition were less satisfying. The promoters could claim the solution of only one of the three problems, the resolving of which was among the principal objectives in holding the fair. There were displayed at least two machines which could more thoroughly clean and prepare cotton for the manufacturer—the Clarke cotton cleaner of Atlanta and the Ralston of Brenham, Texas. But the attempt to uncover a roller gin which possessed the speed of the saw gin was unavailing, as were the efforts to develop a small, powerful press which would be sufficiently simple and inexpensive for general farm use.<sup>21</sup>

In general, the influence of the Exposition did not induce any profound improvement in southern agriculture. Just before his death in 1905, Edward Atkinson pointed an accusing finger at the advo-

18. *Constitution*, Dec. 7, 1881; C. Vann Woodward, *Origins of the New South* (Baton Rouge, 1951), p. 309.

19. *Report*, pp. 265-266.

20. *Ibid.*, pp. 585, 589-595.

21. *Constitution*, Jan. 1, 1882; *Commercial and Financial Chronicle*, XXXIV (Jan. 7, 1882), 2-3.

cates of industrialization, charging that "while they have poured capital, northern and southern, into great factories and ironworks, they have neglected the very foundation of prosperity, the agriculture."<sup>22</sup> But this was only part of the answer. Basically it was deep-seated forces, often beyond human control, which led to the worsening of conditions. Only a small percentage of southern farmers had the capital and freedom of action to purchase new implements or to begin diversifying. On the increasingly small average Georgia farm, the white and Negro tenants and share croppers, who by 1900 constituted 59.7 per cent of all farmers in the state, were in the grip of a crop lien system which effectively confined them to one-crop agriculture.<sup>23</sup>

Between 1881 and 1900 Georgia's agriculture became even less diversified. During this period production of cotton increased from 814,000 to 1,200,000 bales, and corn from 23 to 34 million bushels; but, on the other hand, the state suffered a steady decline in the amount of oats and hay cultivated, and in the number of meat cattle, dairy cows, sheep, and most fowl. Production of wheat declined over 1.2 million bushels during these two decades, causing four of Atlanta's five flour mills to close because of insufficient wheat for commercial milling.<sup>24</sup> Although the average value per acre of farm land in Georgia almost doubled in the twenty years, only Texas and the Mountain States had lower per acre values in 1900. The average value per farm in Georgia had inched up to 44 dollars from 38 dollars in 1880, but only three states in the union had lower average values. The anguished plaint of the *Atlanta Constitution* in 1881 that the blizzard land of South Dakota was drawing more immigrants than the balmy, well-watered fields of Georgia was equally true in 1900, when the average value per farm in Dakota enjoyed a 300 per cent higher valuation than the average Georgia farm.<sup>25</sup>

Happily, the "cake of custom" was in the process of being broken, as repercussions from the gradual introduction of the refrigerator car and the eastward movement of the boll weevil began to loosen the grip of southern monoculture. Obscured in the mass of census data were statistics showing that by 1900 Georgia was growing over 21 million watermelons annually, that her 7,668,639 peach trees placed her second in the nation, and that since 1890 there had been a four-fold increase in the number of acres of tobacco under cultivation. The rise of the pecan and poultry industries was yet unrecorded. Thus, changes were beginning to alter the face of the Georgia countryside, but only indirectly

22. Harold F. Williamson, *Edward Atkinson* (Boston, 1934), p. 175.

23. *Twelfth Census*, 1900, V. Part I, lxix, lxxi; Alex M. Arnett, *The Populist Movement in Georgia* (New York, 1922), pp. 49-75.

24. *Twelfth Census*, 1900, V. Part I, 702, 712-713; *Ibid.*, VI, Part II, 64-65, 83; Wallace Reed, *History of Atlanta* (New York, 1889), p. 464.

25. *Twelfth Census*, 1900, V. Part I, 696-697.

could they be attributed to the lessons of the Exposition.<sup>26</sup>

### The Effect On Atlanta's Economy

Much credit could be claimed, however, for the impact of the Exposition on the economic growth of Atlanta. The city grew with increasing tempo during the following decades as the population increased from 37,409 in 1880 to 53,812 in 1884, 63,533 in 1890, and reached 89,872 by the turn of the century. As investors heeded the advice of those who predicted the rapidly increasing value of suburban lots, the assessed valuation of real estate rose from 16.2 million dollars in 1882 to 41.5 million in 1893, and the assessed valuation of personal property almost doubled during the same period. Significant improvements took place in the paving of streets and sidewalks and the creation of an adequate sewerage system, as over 3.5 million dollars were spent for these purposes between 1882 and 1900.<sup>27</sup>

### Trade

The Exposition gave a considerable impetus to the trade of the merchant community. Aggressive businessmen increased their stock in anticipation of an enlarged trade. John Keely, one of Atlanta's largest retailers, announced a grand opening of fine French millinery to coincide with the opening of the fair and reduced prices on a large purchase of men's cloaks. M. Rich and Brother offered hotels and boarding houses special prices on table linens and toweling. Even during the early, slow weeks of the Exposition season merchants reported a vastly improved business, especially in dry goods and groceries. A rather modest estimate placed the amount of money spent by visitors during the three months the fair was held at two million dollars. A number of retail merchants announced that they made 30,000 dollars each from the exposition business alone.<sup>28</sup> In the general stimulus to economic activity, even the pick-pockets thrived. The *Constitution*, in urging that stronger punishment be meted out to those caught, lamented that "They have literally taken possession of the platforms and rob without mercy or discrimination."<sup>29</sup> One final indication of the energizing of the business community was the revival of the Chamber of Commerce in 1883 after several years of inactivity.

### Manufacturing

It was in the stimulus given to manufacturing that the Exposition had its greatest direct effect. Local manufacturers showed up well at the fair. Watches made by J. P. Stevens and Company received much publicity; E. Van Winkle and Company won the prize for the best saw gin with feeder; and the seed cotton cleaner demonstrated by E. Clarke

26. Twelfth Census, 1900, VI, Part II, 337, 527, 600, 615; E. Merton Coulter, *Georgia, A Short History* (rev. ed., Chapel Hill, 1947), p. 412.

27. New Orleans *Times-Democrat* in *Constitution*, Dec. 10, 1881; Franklin M. Garrett, *Atlanta and Environs* (New York, 1954), II, 1, 69, 208, 387; Thomas H. Martin, *Atlanta and Its Builders* (n.p., 1902), II, 203.

28. *Constitution*, Oct. 5, p. 12, Dec. 30, 1881.

29. *Ibid.*, Dec. 2, 1881.

and Company was awarded top honors for the best machine for removing dirt and improving storm beaten cotton. All three of these companies expanded operations during the years immediately following the Exposition.<sup>30</sup>

Manufacturing in Atlanta received a strong impetus from other sources as well. Cheap fuel became a reality when the Georgia Pacific was completed to Birmingham in 1883. A considerable number of exhibitors were sufficiently impressed with the expanding opportunities in Atlanta to open branch offices or factories.<sup>31</sup> It has been estimated that in the first six months of 1882 two million dollars had been invested in manufacturing enterprises in Atlanta, all traceable to the Exposition.<sup>32</sup>

Of the new companies established, the greatest in size and importance was the Exposition Cotton Mills, organized with a capital stock of 250,000 dollars, to use the Main Building on the fair grounds as a cotton factory. Financed by a strong group of capitalists in Atlanta and New York, the factory contained 16,000 spindles and employed 500 people who were to be housed temporarily in the Exposition Hotel.<sup>33</sup> Also of major significance for the industrial development of the city was the establishment of the following: the Southern Agricultural Works, with a capital stock of 150,000 dollars, to produce an extensive line of cultivators and cotton machinery; the Chattahoochee Brick Company, with a capital stock of 200,000 dollars; a cottonseed oil mill; a cotton compress; an additional number of fertilizer plants; and new chemical works. At the same time, there occurred the considerable enlargement of the facilities of a number of machine shops and furniture companies.<sup>34</sup>

The progress in manufacturing which took place in Atlanta during the two decades following 1881 can be seen in Table II.

TABLE II  
MANUFACTURING IN ATLANTA, 1880-1900

	1900	1890	1880
Number of establish.	390	410	196
Capital	\$16,045,156	\$9,508,962	\$2,468,456
Value of product	\$16,707,027	\$13,074,037	\$4,861,727
Average no. of workers	9,356	7,957	3,680
Total wages received	\$3,103,989	\$3,206,285	\$889,282

Source: Twelfth Census, 1900, VIII, Part II, 992-993.

It is noteworthy that the industrial development of Atlanta was not narrowly restricted to one or

(Continued on page 11)

30. *Ibid.*, Oct. 5, Dec. 11, 27, 28, 1881.

31. *Ibid.*, Dec. 27, 1881.

32. Baltimore Journal of Commerce and Manufacturers Record, Oct. 21, 1882, quoted in Mitchell, *Rise of the Cotton Mills in the South*, p. 125 footnote.

33. Reed, *op. cit.*, p. 462; The Exposition Cotton Mills Company, *Seventieth Anniversary, 1882-1952* (n.p., n.d.), *passim*.

34. Reed, *op. cit.*, pp. 460-467.



## APRIL 1957

### ATLANTA AREA ECONOMIC INDICATORS

ITEM	April	March	%	April	%	% Change
	1957	1957	Change	1956	Change	Four Months '56 Over Four Months '57
<b>EMPLOYMENT</b>						
Job Insurance (Unemployment)						
Payments	\$368,159	\$387,127	-4.9	\$212,686	+73.1	+72.8
Job Insurance Claimants†	5,393	5,692	-5.3	3,971	+35.8	+44.4*
Total Non-Ag. Employment	343,750	341,100	+0.8	336,700	+2.1	+1.6*
Manufacturing Employment	88,450	89,350	-1.0	88,350	+0.1	+0.4*
Average Weekly Earnings,						
Factory Workers	\$72.13	\$71.97	+0.2	\$69.48	+3.8	+6.4*
Average Weekly Hours,						
Factory Workers	39.2	38.9	+0.8	39.7	-1.3	-1.0*
Number Help Wanted Ads	7,431	9,545	-22.2	10,836	-31.4	-3.2
<b>CONSTRUCTION</b>						
Number of Building Permits§	752	681	+10.4	1,066	-29.5	-21.0
Value Building Permits§	\$9,655,330	\$5,264,726	+83.4	\$3,847,345	+51.0	+35.4
Employees, Contract Construction	19,100	17,400	+9.8	20,350	-6.2	-7.8*
<b>FINANCIAL</b>						
Bank Debits (Millions)	\$1,627.6	\$1,553.6	+4.8	\$1,483.9	+9.7	+4.4
Bank Deposits (Millions)						
(Last Wednesday)	\$1,106.9	\$1,068.3	+3.6	\$1,054.9	+4.9	+4.9**
POSTAL§						
Postal Receipts	\$1,416,206	\$1,442,823	-1.8	\$1,412,421	+0.3	-2.8
Poundage 2nd Class Mail	1,507,311	1,283,989	+17.4	1,432,951	+5.2	-8.1
<b>OTHER</b>						
Department Store Sales Index						
(Adjusted 1947-49=100)	144	153	-5.9	154	-6.5	+2.0††
Retail Food Price Index						
(1947-49=100)	112.1	111.8	+0.3	107.8	+4.0	+0.3*
Number of Telephones in Service	296,984	295,184	+0.6	279,586	+6.2	+6.2**

r—Revised

\*Average month

\*\*End of period

N. A.—Not Available

†—Based on retail dollar amounts

‡City of Atlanta only.

§Claimants include both the unemployed and those with job attachments, but working short hours.

Sources: All data on employment, unemployment, hours, and earnings: Employment Security Agency, Georgia Department of Labor; Number Help Wanted Ads: Atlanta Newspapers, Inc.; Building permits data: Office of the Building Inspector, Atlanta, Georgia; Financial data: Board of Governors, Federal Reserve System; Postal data: Atlanta Post Office; Retail Food Price Index: U. S. Department of Labor; Department Store Sales Index: Federal Reserve Bank of Atlanta and Board of Governors, Federal Reserve System; Telephones in Service: Southern Bell Telephone and Telegraph Company.



## BUSINESS ACTIVITY IN APRIL

Seasonal increases in many of the series on the opposite page lead to the conclusion that April was, in some respects, a better month for Atlanta businessmen than was March, but gains and losses from month to month are, for the most part, small and relatively insignificant. Out of the 17 series, more than half show definite evidence of downtrend with duration of from four to 18 months, extending back to the fall of 1955. Others, fewer in number, have risen rather consistently over the past few months, in some cases for as long as five years. The two financial series have exhibited this quality. So have the series on department store sales and the number of telephones in service. It is perhaps true that these latter series are less responsive to changes in activity in individual segments of the economy and therefore reflect more accurately the general health of the economy, but it must be admitted that few people are as strongly influenced at any given moment by the health of the over-all economy as they are by the segment in which they seek their living.

Impressive gains were marked up in **construction** during the month of April. As the usual spring increase in building got under way, the **number of permits** increased 10.4 per cent, **value of permits** increased 83.4 per cent (one permit, for a shopping center, was for \$3,500,000), and the **number of employees in contract construction** was up 9.8 per cent. But it is interesting to note that the number of building permits issued each month is strongly influenced by seasonal patterns, and that after seasonal adjustment, the March figure was the lowest in over five years. In this series, the downward movement has been apparent, with only minor checks, since early 1955. The same downtrend has also been apparent in the value of permits, and until the first of the year, the number of construction employees also moved downward, but has risen from 16,950 in January to 19,100 in April, which is close

to the very high 1955-56 average.

Total nonagricultural employment in the Atlanta area, while still at a very high level, is nearly 7,000 workers below the all time high 350,600 reached in December 1956. The increase in April was 2,650. In the period since April 1956, **total nonagricultural employment** has increased 7,050, or 2.1 per cent, and the increase was shared by every major division except **construction**, which showed a loss of 500 workers. Within the major divisions, a 300 worker loss in **durable goods manufacturing** was more than balanced by a 650 increase in **nondurables**, for a net gain of 350 for all manufacturing. In **trade**, retail stores had 100 fewer people employed than in April last year, while wholesalers employed 600 more workers, for a net gain of 500. The Federal government has added 500 employees, and state and local government agencies have added 2,300, giving government the largest numerical increase (2,800) and the largest percentage increase (9.1).

The increase in **unemployment** during the last year is heavily reflected in the rise in the **number of claimants for job insurance payments** and the amount paid out for such claims. The Georgia Employment Security Agency estimates that in March 1957 there were 12,800 unemployed in the Atlanta metropolitan area. This was 2.0 per cent greater than in January 1957 and 28.0 per cent greater than in March 1956. **Job insurance payments** have shown about the same movement as claimants, as is to be expected, since both reflect the same thing: unemployment.

The **number of help wanted ads** in Atlanta newspapers plunged sharply downward in April, a month when seasonal factors usually bring in a greater than average number of ads seeking additional workers. This series, which is usually very sensitive to cycles in business activity, has fallen every month (after seasonal adjustment) and is now approaching the low reached in the 1953-54 recession.

## OPERATIONAL INFORMATION FOR EMPLOYEES

by

Don S. Hasty\*

Management today is becoming more and more aware of the desire of employees for information, not only about their particular jobs, but about the company for which they work. Management recognizes that there is at least a certain amount of information that must of necessity be given to employees in order to carry on an efficient daily operation. Beyond this point, management is in a dilemma to know which information to give out, the form in which it should be presented, and the amount that will be accepted by employees.

Management, in making decisions concerning information to disseminate to employees, should keep in mind several other important factors. First, unless employees believe the information is in some way related to their own jobs, the chances are that they will not remember it. Second, whether in spoken or written form, the information to be distributed must be kept in clear, simple, and easily understood language. Third, a good principle to follow would be to furnish employees with all the information which they may desire concerning the company's operation. However, it must be recognized that, while this is an excellent theoretical principle, like many theories it has practical limitations. For instance, a company may jeopardize its competitive position by making available too much confidential information. Thus, it should practice a form of intellectual honesty, keeping in mind the best interests of the company as well as the employee; that is, the company should strive to operate as a sort of family group wherein all parties should know what the company is striving to achieve.

Through **downward** communications, the viewpoint of management on policies and methods of operation can be interpreted to employees. If job descriptions have been prepared for various operations within the firm, then for maximum effectiveness employees must understand the reasoning and procedure that has led to their preparation.

Today, administrators generally believe that one-way communication is inadequate. A good communication system must include provisions for the **upward** travel of employees' ideas, questions, and points of view. Able management now recognizes that employees can contribute valuable suggestions in regard to operational efficiency. As many authorities have observed, the key to management's dilemma seems to be active participation through communication.

### AREAS OF EMPLOYEE INTEREST: PERSONAL

There appear to be two general trends of think-

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ing on the subject of employee interest. Some personnel authorities have concluded that the average employee is interested only in those things which affect him personally, caring very little, if at all, about other problems and conditions within the company. Others have concluded that the average employee is interested in almost everything that surrounds company operations. The latter group feels that the average workman is ambitious and strives for promotions, in addition to taking great pride in his company and his particular job. According to the second school of thought, the average employee, therefore, has a continuous interest in his company and greatly appreciates being given information regarding the company's financial and operational policies and information relating to general business conditions.

Some of the subjects of interest to employees, as they may affect him personally, are discussed below:

**Wages**—There is general agreement that wages are of vital interest to each and every working person. Employees usually are not content simply to draw wages; they want to know how their weekly or monthly paychecks are figured, what the base rates are, and how extras are added. They are vitally interested in knowing why various amounts must be deducted from the gross amount, and why the take-home amount sometimes fluctuates between successive pay periods.

**Grievance Procedure**—The majority of employees are concerned with the grievance procedure, at least insofar as it is related to their personal problems. Regardless of whether a union represents employees or whether problems actually exist, employees want to be assured that there is a sound course to be followed in order to air their gripes and complaints.

**Security**—Probably all authorities will agree that all workers are concerned with personal security as it is related to their jobs. Workers want to be sure they are performing an important task and that the task will last as long as the plant exists. If the nature of the industry is such that various jobs are subject to revision periodically with resultant layoffs, employees will be interested in knowing the extent to which the firm will go to furnish them adequate substitute employment and, more important, that the firm is concerned about their welfare.

**Concern of Supervisors**—Employees want to know that those upon whom they rely for supervision are aware of their problems. They want to be sure there are clear lines of authority for every level of management and that they are responsible for pleasing only one particular management representative.

Very important in this area is the knowledge that, no matter what happens in the work situation, someone is available to give advice and leadership. Men need leaders who will stand behind them when decisions are made and the job has been done.

**Rules and Policies**—Men want to be governed by an equitable and permanent set of rules and policies. They want to be aware that they are being held responsible for compliance with a certain fixed set of necessary rules, preferably in an accessible written form to be followed consistently, day by day. If these practices are not adhered to, employees realize there might be discrimination, in that rules may be overlooked when business is good or when there is a labor shortage. If new and permanent personnel policies or other company-wide changes are under consideration by management, employees gain a certain feeling of place and importance in the company when asked for opinions and criticisms. If the company exhibits the principle of fairness regarding rules and policies, employees are more likely to be broad-minded in their complaints against management, and to give fair consideration to individual occurrences and deviations from the norm.

**Future Opportunities**—Workers are concerned about their future opportunities. To some, the term "opportunity" may pertain to the outlook for more wages and better working conditions. To others, it could mean the chances for transfer to more desirable jobs or better machines. To still another group, it could mean the prospects for future promotions into management training programs or into supervisory positions. Regardless of the line of reasoning followed, proper job descriptions, adequate training and pay, and periodic personal job evaluations and discussions with employees, among other things, lead to better understanding and satisfaction of this concern about the future.

As stated previously, the major difference between opposing trends of thought on areas of employee interest appears to be one of degree, centering around the attitudes of management. Past experience shows that as attitudes and relations between the company, employees, and union (if unionized) become progressively improved, employees desire more and more information regarding various subjects. In numerous examples, however, a great deal of information which is ethically sound and could be made available to employees is kept within the confines of management. It follows then, that administrators who maintain that their employees are concerned only with wages and personal job environment probably have never sincerely asked for or accepted comments, opinions, or criticisms from their employees. In such an environment there is certain to be a communications problem, since much information would move downward, while very little would travel upward through suc-

cessive levels of management. Ignorance on the part of management toward the viewpoint of employees is hardly conducive to good employee relations.

#### AREAS OF EMPLOYEE INTEREST: OVER-ALL COMPANY OPERATIONS

Where companies traditionally have given employees a feeling of importance instead of impersonal treatment, employee interest typically will extend in many directions. A cooperative atmosphere in the office and factory, in which employees are guided instead of forced, leads to better job performance. It follows, then, that the employee who is encouraged to think and ask questions usually is more aware of the importance of the over-all company operation, with its many aspects, in relation to his individual job. With their interests aroused properly, employees normally will desire information concerning general company operations, some of which are discussed below:

**Personnel Policy**—Probably the first major interest is in the company's personnel policy. In practical terms, the over-all personnel policy is the idea or principle of encouraging people of several groups to align themselves voluntarily to work in the most efficient and self-satisfying manner toward a common goal for the benefit of all. When employees are brought to a full realization of organizational goals and policies, they generally want to learn the purposes, advantages, and problems of various procedures such as rating systems, wage administration, transfer, and safety programs. They especially desire to learn more about the procedures which often affect their jobs.

One step in the process of continual training should be that of encouraging the average employee to acquire a more well-rounded knowledge of company operations. After employees have mastered their own jobs, many like to learn what is being accomplished in other departments toward manufacturing the final product. Management often fails to fulfill its objective as evidenced by the fact that many companies, in sponsoring open-house events, discover that a great majority of employees, as well as the general public, make plant tours and listen to explanations of various operations which previously they did not understand.

**Collective Bargaining**—Employees who have elected unions to represent them frequently have requested more information in regard to the particulars of collective bargaining and agreements between the parties. A significant point is that since men basically are concerned with their own personal welfare, ordinarily they must be taught to appreciate fully the importance and implications of the agreement and positions of the parties. Both unions and companies often conduct educational programs along these lines for employees; however,

there is a tendency to place more emphasis upon the training of supervisors, in hope that they will become equipped and willing to impart pertinent information to employees as the need arises. It is interesting to note that a number of firms leave employee education on collective bargaining subjects to unions on the theory that, since unions are responsible for the presence of collective bargaining, they should bear the costs of the training. Because of personal prejudices and strong feelings that may be involved, problems such as these must be approached with caution.

#### All Company Operations

(a) **Purchase and Market of Product**—Employees may desire to be relatively well informed regarding the nature and sources of raw materials purchased by the firm and the buyers of the finished products. When such requests become apparent, the company has an excellent opportunity to teach practical economic and business principles pertaining to degrees of competition in the industry, pricing methods, marketing methods, characteristics of supply and demand, and so on. To feel secure in their present jobs and advancement possibilities, employees want to be assured that their company is a leader in the development of new products and better uses for present ones. When their suggestions are solicited, workers frequently can recommend, among other things, new methods of handling materials, ways to save and use by-products, and ways to cut costs.

(b) **Cost Control**—Due to the competitive nature of our economy, more and more emphasis is being given to the control of costs. Even though all factors of production may be present in abundance, most companies eventually will lose business to competitors when costs rise unnecessarily. Management at all times must be fully aware of cost problems, but in addition it must earnestly promote a program of cost consciousness to demonstrate its importance to employees. When employees understand the nature and results of high costs, they will ordinarily show much more interest in the subject and will lend valuable aid to control procedures.

(c) **Financial Policies**—Methods of administration of the over-all financial policy of the company frequently are given serious consideration by employees. Each year an increasing number of companies find it advantageous to simplify and present financial reports in an easily understood manner, not only to stockholders and management, but also to unions and employees. Those companies have found that employees, too, can become interested in bond issues, loans, and breakdowns of costs. Employees often would like to know if the company will be able to afford expansion if new demands are visible for the future. Companies are finding a morale advantage in telling their employees the salaries and

career accomplishments of various executives, to show what ambitious people can achieve and to use as comparisons with leaders in other companies. In many instances, a history of sound financial policies can be useful in lending stability to the company and to the thinking of all groups concerned.

#### METHODS OF DETERMINING EMPLOYEE INTERESTS

**Individual Discussions**—Although several methods have been used successfully in determining employee interests in individual situations, a few have become better established than others. The upward flow of information from individual employees to top management begins with the first line supervisor. Taking for granted that supervisors are trained in the art of listening, information can be gained through daily conversations while on the job or while enjoying rest periods. In these off-guard moments, fears and personal needs can be brought to the surface without fanfare. Then too, these desires may be made apparent during periods of private discussions when the main topic of conversation may be job performance, transfer, or disciplinary action. The same results often can be obtained during times of leisure when various groups participate in recreational activities such as golfing or bowling.

**Group Discussions**—A second approach to be taken in the determination of employee interest or unrest may be through employee participation in committees or in group discussions. Departments may be divided into several groups for the purpose of periodic meetings with higher levels of supervision. In some companies management discusses problems and proposals with small groups of representatives elected by employees. The latter action permits employees, through their representative, to have a share in making decisions that will affect them in the future. One disadvantage to group discussions may be the possibility of a large number of meetings that are costly, yet accomplish very little. The problem of costs in this case possibly could be remedied by the establishment of a planned schedule for meeting times and subjects to be covered, and by providing competent leadership.

**Suggestion Systems**—Many firms have been successful in the use of suggestion systems for the improvement of upward communications. Well organized systems that have been given proper attention by responsible management representatives serve as a medium whereby employees can make valuable suggestions for the improvement of plant operations. To provide incentives for making suggestions, a company might effectively utilize a system of awards. To be useful, of course, both the suggestion system and two-way communications in general must have the unqualified support of top management.

**Unions**—There is general agreement among industrial relations experts that in all firms there will be some type of communications, whether planned for or not. Companies that have established conditions of relatively "mature collective bargaining" with unions have often found that planned cooperative programs can be devised for the purpose of better communications. In unionized companies, as well as in others, the alternative may be either the provision for a planned program or reliance upon some uncontrolled means such as the "grapevine." One must remember, however, that there will be variations in the amount of information passed between the parties, since personalities and goals of each party must be considered and since the degree of cooperation between the parties varies with each case. Some authorities have maintained that though a company may withhold what it calls "confidential" information, the union will in time discover the content anyway. If so, the company might do well to distribute most information openly from the beginning.

**Formal Surveys**—Attitude or opinion surveys have been used to improve two-way communications over the past several years, especially since around 1950. Listed below are several reasons that have been given by employers as to why they have begun to utilize these surveys.

1. Use of surveys enables management to determine if employees lack understanding concerning the meaning and application of current practices and policies.
2. Surveys bring to light dissatisfactions harbored by employees regarding supervision and various company operations. In many instances, these dissatisfactions otherwise may remain unknown to management.
3. Employees who are surveyed gain a feeling of personal satisfaction in knowing that the company is concerned about their views and opinions.
4. Surveys can serve a twofold purpose in companies that have several levels of management, since two-way communications are improved and since these surveys provide an excellent check on the effectiveness of communications.

In comparison with suggested benefits of surveys, several drawbacks have been advanced by management from time to time:

1. Management often feels it is continually aware of the needs and thinking of employees, hence surveys useless.
2. Management shows signs of weakness in asking employees for ideas and opinions.
3. Employees should be left alone when they are relatively satisfied.
4. Results of surveys are likely to be inaccurate.

After conducting a study in relation to possible advantages and limitations, methods, and results of surveys, management may discover that the last objection is the only one that is actually realistic. Regarding the question of accuracy, one should remember that survey results from a statistical standpoint could be questionable. To insure the highest accuracy possible, questions should be formulated, surveys should be conducted, and results should be analyzed by experienced personnel.

## CONCLUSIONS

Management generally recognizes the need for an efficient two-way communications system in our present industrial way of life. In studying problems related to communications, management has often found that it has given to employees an abundance of information concerning job performance, but only a small amount concerning other aspects of the business. On the other hand, management frequently may have wasted large amounts of time and money in giving certain information to employees, only to discover later that employees soon forgot it or maybe never accepted it at all for its face value. An important question to be answered then is, "What more shall we tell them?"

There appear to be two trends of thinking on the subject of employee interest. One trend indicates that employees are interested only in those things which are directly related to their personal jobs, while the other indicates that employees are interested in knowing everything they possibly can about the company and its operational procedures. The major difference between the two trends seems to be one of degree, centering around the previous treatment employees have received from management. For instance, if the management of a company has always had the reputation of being unfair to its employees and has never accepted suggestions and opinions from people working on the job, communications likely will be poor and employees probably will be concerned only with wages and personal working conditions.

Management can determine employee interests through the use of several media of communications such as private and group discussions, unions, suggestion systems, and formal surveys. Quite possibly, any one medium used exclusively would be inadequate.

## INTERNATIONAL COTTON EXPOSITION

(Continued from page 5)

two fields, as was the case of Augusta, Macon, and Columbus. Although in terms of capital investment and value of product, cotton manufacturing did rank first in Atlanta, also highly important to the economy of the city were foundry and machine shop products, furniture, patent medicines, lumber products, confectionaries, fertilizers, printing and publishing, and the making of paper boxes. The relative position of the leading industries by the turn of the century is revealed in Table III.

### The Intangible Effects

As important as were these immediate, tangible results, perhaps even more significant were the long-range, intangible repercussions. In awakening the ambition of countless southern young men who attended the fair, in stirring their imagination and broadening their horizons, the impact of the Ex-

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position was incalculable, but certainly was very great. More specific, the fair provided a powerful stimulus to the movement for mechanical and technical education in Georgia. On a number of occasions influential speakers alluded to the crucial role which practical education could play in the economic rejuvenation of the state. Such leading promoters of the Exposition as Henry Grady and Samuel Inman were key figures in the effort to establish the Georgia School of Technology, and were instrumental in raising sufficient funds and securing the site so that it could be located in Atlanta.<sup>35</sup>

In other areas, too, the Exposition played an important if somewhat indefinite role. Certainly the fair was a significant milestone on the "road to reunion," in the movement to tighten the emotional bonds which united the American people. Director-General Kimball well expressed the contribution of the Exposition toward this end: "There is no other such agent for reconciling and assimilating people,

35. Report, p. 181; Garrett, *Atlanta and Environs*, II, 169-170.

and educating them with regard to each other, as exists in their meeting and association in the very midst of the best examples of their work and their products in the halls of an exposition."<sup>36</sup>

Thus, the Exposition served an idealistic as well as materialistic purpose. Nowhere is the combination of materialistic interest and ideology better illustrated than in Hannibal Kimball's staunch insistence that Judges Hall not be used simply as "an annex for the better display of beets and squashes." He did not regret this decision.

The thoughts that were struck out from that platform became great national instructors. Novel and valuable agricultural processes, side by side with weighty economic theories, were demonstrated here, and through the agency of the press, spread broadcast. The beautiful symbolism of the universal brotherhood, which only awaited the awakening of the "New South," was here declared. . . . Capital was . . . invited to contemplate a field for investment elsewhere unequaled.<sup>37</sup> These constituted the best hopes and represented the most significant contributions of the Atlanta International Cotton Exposition.

36. Report, p. 142.

37. Ibid., p. 140.

**TABLE III**  
**MANUFACTURES IN ATLANTA BY**  
**SPECIFIED INDUSTRIES, 1900**

	No. of estab.	Capital	Value of product	Average no. of workers	Total wages
Cotton goods	3	\$3,461,373	\$1,938,228	1,776	\$417,246
Foundry and machine shop	17	\$1,193,756	\$1,028,736	602	\$285,832
Lumber, planing mill prod.	6	\$397,700	\$1,137,434	521	\$186,400
Patent medicines	10	\$429,935	\$1,008,437	128	\$32,376
Fertilizers	3	\$672,482	\$358,300	145	\$38,721
Men's clothing	7	\$226,105	\$671,406	801	\$156,398
Furniture: factory prod.	5	\$781,685	\$703,500	533	\$173,550
Confectionaries	6	\$334,250	\$450,933	259	\$63,502
Printing and pub. newspapers and periodicals	16	\$984,845	\$636,730	160	\$124,986

Source: Twelfth Census, 1900, VIII, Part II, 142-143.